

Central Valley Air Quality Coalition

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10-11-1 & 10-11-2



December 14, 2010

Chairwoman Mary Nichols and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Subject: San Joaquin Valley Recommendations for the Proposed Cap and Trade Rulemaking

Dear Chairwoman Nichols and Members of the Board,

We write on behalf of the Global Warming and Air Quality Committee of the Central Valley Air Quality (CVAQ) Coalition which is a partnership of more than 70 community, medical, public health, environmental and environmental justice organizations representing thousands of residents in the San Joaquin Valley that are unified in their commitment to improve the health of Californians by (a) seeking full and vigorous enforcement of the federal Clean Air Act in the San Joaquin Valley, (b) strengthening State law and District regulations relating to air quality, and (c) educating the public about the serious health impacts of air pollution.

We are a large coalition with a broad range of positions, including some members and groups who oppose a Cap and Trade approach for reducing greenhouse gases altogether. However, we have determined that if this rulemaking moves forward as proposed, it will have serious impacts for our region therefore, it is important to provide feedback on issues that will affect us the most. As such, we are writing to provide our recommendations to strengthen public health protections for the San Joaquin Valley in the proposed cap and trade rulemaking. We thank you for your ongoing leadership in implementing California's Global Warming Solutions Act (AB 32) and believe California's efforts to implement AB 32 are critical to protecting air quality and public health while reducing global warming pollution.

This rulemaking will impact the San Joaquin Valley in unique ways, and due to our extreme air pollution situation, CARB needs to carefully consider the potential impact of this rulemaking on vulnerable populations and environmental justice communities in the San Joaquin Valley.

As you consider adopting the proposed California cap and trade rule, we offer these recommendations:

1. Biomass and agriculture as a source of offsets

As proposed, exempted categories include direct combustion of several sources of cellulosic biomass, including solid waste, construction and manufacturing debris, mill residues, range land maintenance residues, all agricultural crops or waste, and wood or wood waste. Covered entities must report emissions from the combustion of these fuels but are not required to obtain allowances for those emissions. Furthermore, neither users nor suppliers of biomass for energy are required to identify the sources of biomass material or report the biological greenhouse gas impacts associated with the removal of biomass for energy or fuel. Exempting these categories from compliance obligations is the equivalent to assuming an identical flux of carbon into and out of the atmosphere associated with all biomass growth, harvest, production, and combustion.

To become a healthy, safe, and economically prosperous San Joaquin Valley where chronic air pollution and epidemic sickness due to poor air quality are eliminated

In effect, by exempting bioenergy, the rule assumes “carbon neutrality” for all biomass fuels, which is not scientifically accurate.¹

The rule as written, appears to reduce greenhouse gases for the entire state, however, the science of biomass makes clear that such a result is not actually likely. Additionally, this will have serious consequences in the Valley, as co-pollutants are a known result of biomass materials and the Valley already suffers from some of the worst air in the nation.

Furthermore, CAFO's should be directly regulated and should not be eligible as an offset category. In the Scoping Plan, ARB determined agricultural emission reductions were not easily quantified. While we disagree with that assessment, if ARB feels agricultural emissions are not easily quantified or verified for purposes of direct regulations than they are similarly inappropriate as offsets. Health & Safety § 38562(d)(1) If CAFOs are going to be an offset market, there need to be strict requirements for what constitutes an offset from a methane digester particularly to avoid localized increases in criteria pollutants.

In addition, the number of offsets allowed should be geographically confined to within the state to ensure maximum reductions in California as required by AB 32 and limited to ensure the cap is not meaningless.

2. Industrial sources should not benefit from free allocations

ARB has proposed to freely allocate allowances to industry at the outset of the program and on an on-going basis potentially lasting the entirety of the program. This amounts to an effective delay in emissions reduction and a missed opportunity for Valley communities, contrary to the specific intent of AB 32. By freely allocating allowances, ARB denies low-income, industrial-hosting, communities much needed revenue and the opportunity for green economic developments. Free and widespread allocations do not incentivize reductions, but rather reward pollution. If ARB adopts a cap and trade regulation, it should set a price on allowances that ensures allowances are not over allocated and that incentivizes reductions.

3. Health Impacts/Co-Pollutants

We are very concerned that a comprehensive health impacts assessment (HIA) will not be completed before your board considers this rule. According to the report, the HIA will evaluate potential health impacts, health disparities among communities, and potential uses of any revenue generated by this proposed regulation.² This is all valuable information to have *before* the Board makes a decision on the cap and trade regulation. Waiting to examine “community health status, air pollution exposures, and vulnerable populations” as part of the “public decision-making process on the use of revenues generated by the program” is unacceptable and violates the mandates of AB 32. A more complete and independent analysis needs to be done on how the Cap and Trade program will impact disadvantaged and cumulatively impacted communities.

We would like to see a safeguard in place to protect sensitive areas like cumulatively impacted and/or highly populated urban areas and Class I Air Sheds (including National Parks). It is also important to have protections in place so that emitters in these areas can not increase pollution by purchasing offsets.

¹ Searchinger, T., Hamburg, S., Melillo, J., Chameides, W., Havlik, P., Kammen, D., Likens, G., Lubowski, R., Obersteiner, M., Oppenheimer, W., Robertson, G.P., Schlesinger, W., Tilman, G.D. 2009. Fixing a critical climate accounting error. *Science* 326: 527-528.

² Initial Statement of Reason, Appendix P, p. P-3.

For these reasons, we respectfully ask for your amendments to the rule reflecting these recommendations.

Sincerely,

CVAQ Global Warming and Air Quality Committee

A handwritten signature in cursive script, appearing to read "Emily Schrepf".

Emily Schrepf, Co-chair
National Parks Conservation Association

A handwritten signature in cursive script, appearing to read "Sarah Sharpe".

Sarah Sharpe, CVAQ Steering Committee Chair
Fresno Metro Ministry